



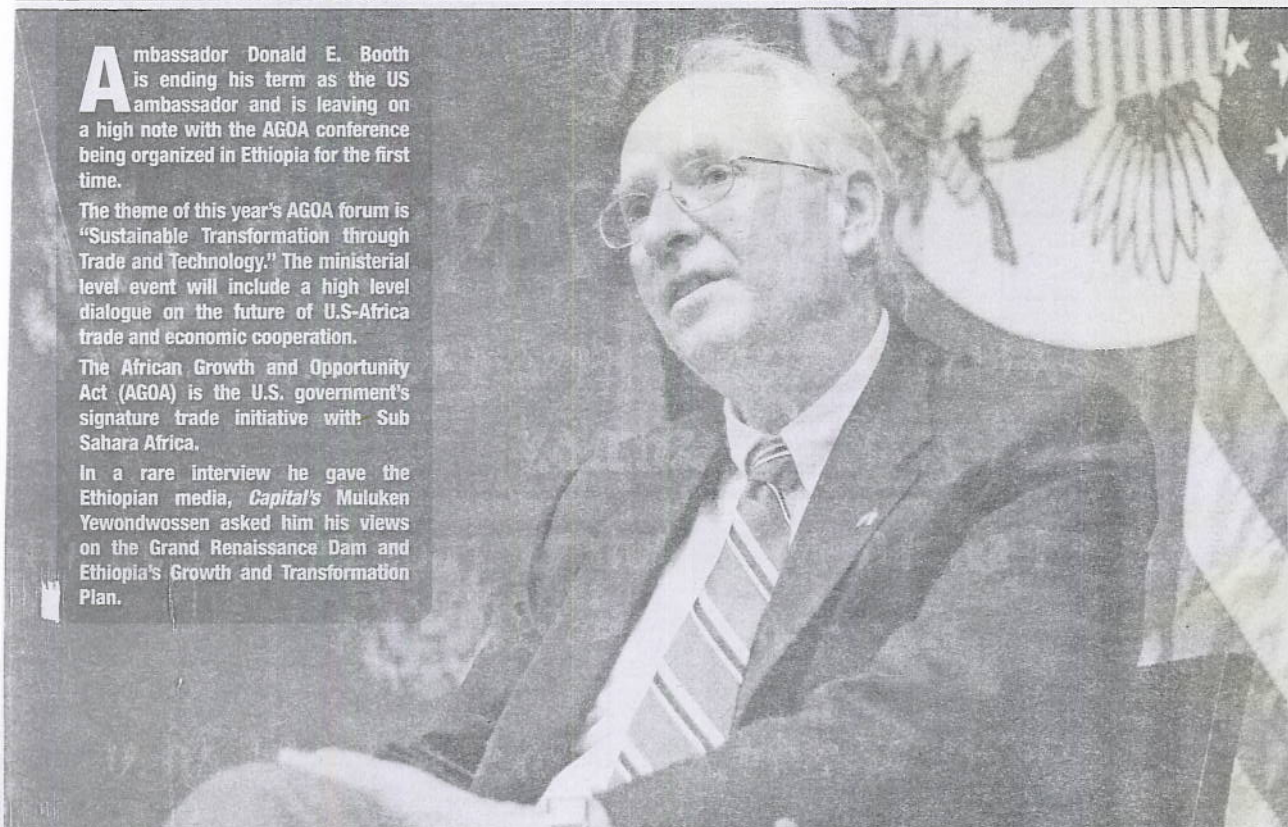
INTERVIEW

Ambassador Donald E. Booth is ending his term as the US ambassador and is leaving on a high note with the AGOA conference being organized in Ethiopia for the first time.

The theme of this year's AGOA forum is "Sustainable Transformation through Trade and Technology." The ministerial level event will include a high level dialogue on the future of U.S-Africa trade and economic cooperation.

The African Growth and Opportunity Act (AGOA) is the U.S. government's signature trade initiative with Sub Sahara Africa.

In a rare interview he gave the Ethiopian media, *Capital's* Muluken Yewondwossen asked him his views on the Grand Renaissance Dam and Ethiopia's Growth and Transformation Plan.



Nile must be developed

Capital: During your ambassadorship in Ethiopia the political regime changed with the death of the former Prime Minister Meles Zenawi. There have been changes in the political sphere as well. What is your view of the challenges within the political sphere?

Ambassador Donald E. Booth: I think the unexpected and untimely death of PM Meles Zenawi revealed the strict nature of the system here, as Ethiopia experienced its first peaceful and constitutional transition of power in recent memory. During the whole time that the PM was ill and out of the country, government missions functioned and business was conducted as usual. His absence showed that there are strong institutions in Ethiopia and that government could function without the presence of the top leader. The transition was done constitutionally and I think resulted in not only a continuity of policy, but also in a continuity of service and stability in Ethiopia.

This is something that Ethiopians should be proud of and you have to go back always in Ethiopian history to find similar peaceful transitions. I think the political space does remain a bit constrained for

opposition parties, but opposition parties need to do their part as well to help open that space by giving really credible and detailed plans to what they would do should they get a higher percentage of acceptances in the public. What are they offering the people in order to attract support? You can blame your problems on others but you also have to do the best you can to put out credible alternatives. I think in going forward Ethiopians will have opportunities to hear from more voices in political spheres which will help them to make decisions.

Capital: What do you think are the major challenges in terms of American companies coming to Ethiopia and the problems that they are facing and what can both the private sector as well as the government do in order to improve the relationship?

Amb. Booth: On the economic side more could be done to bring American businesses to Ethiopia and to get them interested in doing business here. One of the things that I have tried to organise and I think there still needs to be more, is two-way trade missions. During these missions government and private sector go out and meet with businesses in the US and try to explain the opportunities that exist and the incentives that are available to companies that come and do business here.

Another reason that I think the US private sector has perhaps been a bit slower to recognise opportunities here, is the Ethiopian private sector itself. It is relatively new with many small and medium scale enterprises that American businesses don't necessarily see a lot of fellow private sector partners to come and do businesses with when first looking at Ethiopia.

The Ethiopian private sector should open up opportunities for the US private sectors to engage here. Lots of things happening here right now is attracting investment that in turn create more jobs and create foreign currency. Because of low cost of electricity and labour, industries generally have left the United States many years ago and migrated to countries in Asia, these very same industries are now moving to countries like Ethiopia.

For example a textile factory may not come from the United States but it may come from another country that received textile industries that migrated from the US many years ago. On the other hand when we talk about technology, US companies can bring cutting edge technologies. The US after all is still the prominent consumer based economy in the world and produces a lot of goods and services for that type of economy.

I think that Ethiopia's negotiations with trade organisations offer some opportunities for facilitating the opening of markets and function to attract more businesses to Ethiopia.

Capital: What is the US government's stand on the development of the Grand Renaissance Dam on the Nile River and the relationship between the riparian countries, particularly Ethiopia and Egypt?

Amb. Booth: We think the Nile can be developed and must be developed for the mutual benefit of all the riparian states. Every man should be sharing in the benefits of the river. We have offered the advice to Ethiopia, to Egypt and to other riparian Nile states that they need to think of ways to achieve win-win solutions.

A number of discussions have taken place with experts from the US state department who have visited Ethiopia several times for discussions with the government about development of the Nile both in terms of the Nile Basin Initiative and also more specifically about the Ethiopian Grand Renaissance Dam (GRD).

We believe that the GRD would last for a hundred years or more and should provide mutual benefits to Ethiopia as well as the downstream countries. Power generation that comes from that dam is something that can be exported and the management of the water in the Blue Nile is something that can be coordinated and managed so all parties can benefit from the development like the GRD. So we are prepared to offer ideas, technical support and diplomatic support where needed but countries of the river need to continue to talk to each other and to work through any issues that come up as the river is developed in a balanced way.

I think that certain win-win solutions are what all of the countries involved want to achieve. Ethiopia has assured Egypt that it has no intention of depriving Egypt of the water it needs. The official position of the Egyptian government has been to engage with Ethiopia and Sudan to try to work out the issues.

Capital: How do you evaluate Ethiopia's Growth and Transformation Plan (GTP) and do you think it will be successful?

Amb. Booth: In terms of the GTP it is actually very impressive that such a detailed plan has been worked out and thought through in terms of how you get from the state of development to where you want to get to in the next ten or 15 years. So what needs to be focused on is this five year period; every five year plan here has had a focus. The Plan for Accelerated and Sustained Development to End Poverty (PASDEP), which preceded the GTP, focused on moving services, particularly education and health care. And the result of that extremely impressive program was the deployment of 40,000 health extension workers and a basic education system that was aimed at reaching 95 percent of the population in rural areas.

Everybody said in the beginning that the GTP is an ambitious plan but it is a plan that has a certain logic to it. In terms of reaching middle income status there are certain things that should be done. Agricultural productivity needs to increase, particularly among small scale farmers. Surpluses must be generated. Then those surpluses need to be invested in the economy. This doesn't just happen, however, it has to be developed and I understand the GTP focuses on trying to increase the savings in the country. Although Ethiopia has been increasing its domestic savings rate, it is not nearly as high as what the East Asian countries achieved and that helped them to reach middle income status. The type of investment that will create the jobs that will move people increasingly from rural areas to urban land is not feasible if you have to continue to increase productivity.

Moving people to a more urbanized and industrialized economy means that food security is not from growing something but from having a regular wage that can be used to buy food. In addition, people will be able to better access social services because they are more organized, those social services can be improved because the people are receiving incomes and paying taxes which can be reinvested. So, overall, the GTP is a blue-print for what the key infrastructure investments will be, going forward, as well as what the social services structure will be.

So we have a broad US assistance program. We have the infrastructure development part of it, but we also support health care services, try to improve the quality of basic education and try to refine the working relationship with the Agricultural Transformation Agency (ATA), the Ministry of Agriculture (MoA) to introduce technologies, techniques and policies that will help to increase the productivity of small-scale farmers.

And most recently, we have president Obama's trip to Africa in July, and the Power Africa initiative that he was promoting, with Ethiopia being a major beneficiary. One of the areas we focused on is helping

the US private sector invest in the geothermal energy development sector as an independent power producer.

We think that with independent power production, investment in generating electricity is done by the private sector by purchasing the grid. Exporting is another way of helping to keep energy costs in Ethiopia down while also ensuring a steady supply of relatively cheap electricity to help fuel an increasingly industrialised economy .

The GTP is a plan that may not be achieved but it has proved to be a success as a map or a list of goals that must be achieved for the transformation from a predominantly agricultural economy to an increasingly urbanised and industrialised economy.

Capital -The US government has said that it has concerns about the human rights issue in Ethiopia. How do you evaluate it?

Amb. Booth: The US values the rights of freedom of speech, freedom of expression and freedom of the press and these rights are stated in the Ethiopian constitution as well. We occasionally see that something has been done that violates these rights. When this occurs we discuss that with the government.

One of the areas we have discussed and we have concerns about is the number of journalists and opposition party politicians who have been prosecuted under the anti-terrorism law. We have attended trials of many of these people because these are laws we don't want to see used against journalists who stand up for freedom of the press. That is a fundamental US stand. And so we take very seriously when the press comes under pressure. On the other hand, there are legitimate reasons that the government can act against individuals who may be planning terrorist activities, but that is what we want to make sure is coming out during the trial. Decisions should be made on the basis of the evidence. We have looked into issues such as the vast displacement that occurred during the commencement of some projects which is something that Ethiopia has been criticised about by several international human rights organisations. We have done our own research and analysis on the program. Frankly we don't see the human rights abuses involved in that program that some international organisations do. But again this is an issue we engage in because we take compensation for people displaced by development activities seriously.